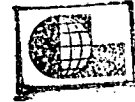


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OL-4039-89

13 APR 1989



MEMORANDUM FOR: Executive Assistant to the Deputy Director  
for Administration

FROM:

Executive Officer, Office of Logistics

SUBJECT: Transactional Cost Savings

1. We have reviewed the changes resulting from the recent transactional cost project in an effort to determine the extent of measurable cost savings that may have been realized.

2. For the most part, the savings from changes in delegation of authority will be evident in a reduction in paperwork. Eliminating the requirement to obtain higher level approval will save time and effort to justify and coordinate the action to be taken. Also the time required to transmit documents and the delay from "in-box waiting" will be avoided. It is difficult, however, to quantify specific savings in the particular area.

3. With respect to the other transactional changes, a quantifiable estimate of savings is possible for the increase to \$1,000,000 in the threshold amount at which action by the Agency Contract Review Board (ACRB) is required. Based upon estimates of the staff time required for preparation, review and Board action per case for 60 cases in FY87, over 1,300 man-hours of effort annually, about half of it senior management time, will no longer be required. (See attached)

4. A review of OL's transactional costs also led us to a 32-percent reduction in forms originated by this Office. In the future, the costs associated with their printing, storage, and utilization will be eliminated.

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ESTIMATED SAVINGS FROM RAISING REQUIRED ACRB ACTION LEVEL  
FROM \$500,000 to \$1,000,000

<u>Action</u>	<u>Time Required (avg.)</u> (hours)
Preparing Docket:	
Contract Officer time	4 to 8 (6)
Technical Officer Time	2 to 4 (3)
Typing, other preparation	1.5
Review, signoff	0.5
Pre-review by Board members, including Procurement Management Staff:	2 to 3 (2)
Board meeting, discussion and action:	
Board (10 members)	3 to 6 (4)
Contract & Technical Staff	4 to 6 (5)
TOTAL EA. CASE	17 to 29 (22)
60 cases Annually X 22 hours = 1,320 hours	

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